



UNITED STATES DEPARTMENT OF EDUCATION

Federal Student Aid

TO: Secretary Rod Paige
U.S. Secretary of Education

FROM: Terri Shaw
Chief Operating Officer

RE: FSA Weekly Report

DATE: September 13, 2004

THE WEEK AHEAD

Cohort Default Rate Announcement: FSA will inform schools of their cohort default rate on Monday, September 13. FSA is working with OPA and OPE to issue a press release announcing the national cohort default rate on Tuesday, September 14. As you know, last year, the nation's student loan default rate dropped to an all-time low of 5.4%.

ED's Back-to-School Fair: On September 14, FSA will be participating in the Department's Back-to-School Fair. FSA representatives will be distributing information to employees in attendance on planning and preparing for college.

R2T4, Analyzing Data, and Conflicting Information (RAC) Training: This week, FSA representatives will be conducting RAC training sessions at Hope University as well as the Seattle, San Francisco and Kansas City Regional Training Facilities.

National Scholarship Service College Fairs: On September 14 and 16, FSA representatives will be attending National Scholarship Service College Fairs in Kansas City and St. Louis to distribute literature and answer questions on planning and paying for college.

FSA IN THE FIELD

Black Family Reunion: On September 11-12, FSA representatives exhibited at the ED-sponsored Education Pavilion at the annual Black Family Reunion on the Mall.

Hurricanes Charley, Frances, and Ivan: FSA received a small number of requests from schools in Florida for regulatory relief due to Hurricane Charley. Hurricane Frances moved through FL, AL, GA, SC and NC last week. FSA will be preparing a list of potentially impacted schools from the FEMA list of counties declared to be disaster areas in these states. We continue to monitor Hurricane Ivan, which is anticipated to impact Florida and the Eastern United States later this week. The repeated cessation of classes due to adverse weather conditions may increase the number of schools requesting some form of relief.

OPERATIONAL METRICS

Application Activities through September 6, 2004: The Central Processing System (CPS) has processed 10.9 million FAFSA applications for the 2004-05 cycle, a 3.4% increase over the 2003-04 cycle.

Program Disbursements: Through the week ending September 4, annual Pell Grant disbursements reached \$1.7 billion for the 2004-2005 academic year, a 19% increase over last year. Through the week ending September 4, annual Direct Loan disbursements reached \$2.3 billion for the 2004-2005 academic year, a 13% increase over last year. Through the week ending September 7, annual FFEL disbursements reached \$1.8 billion for the 2004-2005 academic year, an 8% increase over last year. Through July, annual Direct Consolidation Loan disbursements reached \$5.8 billion.

Direct Loan (DL) Servicing: As of July 31, the Direct Loan Portfolio reached 17.1 million loans (a 2.7% increase over last year) with a total value of \$82.0 billion (a 3.3% increase over last year) representing 6.3 million borrowers (a 3.5% increase over last year).

Direct Loan Delinquency Summary: The Direct Loan portfolio delinquency rate for July 2004 rose to 11.93% from 11.50% in June. The delinquency rate for July 2003 was 12.01 percent.

Consolidation Activity through July 31, 2004: Year to date, student loan consolidations from the Direct Loan program into the Direct Loan Consolidation program totaled \$2.85 billion, a 1.5% increase over last year. Consolidations from the FFEL program into the Direct Loan Consolidation program totaled 2.96 billion, a 1.0% increase over last year. Consolidations from the Direct Loan program into the FFEL program totaled \$7.2 billion, a 16.6% increase over last year.

Total Default Recoveries: Through the September 3, total FSA Default Recoveries for FY04 reached \$1.691 billion, an increase of 12% from this time last year. Total non-consolidation recoveries reached \$1.498 billion, an increase of 21%. Combined Recoveries from our private collection agency efforts have reached \$1.141 billion, up 20% over the same period in FY03.

Guarantor Recoveries: Through the end of July, total Guarantor Default Recoveries for FY04 reached \$3.12 billion, an increase of 3% from this time last year. Combined ED and guarantor recoveries reached \$4.65 billion, a 2% increase over last year. Total non-consolidation recoveries for ED and guarantors combined reached \$2.99 billion, an increase of 12.3%.

1-800-4-FED-AID through September 4, 2004: Year to date, the Federal Student Aid Information Center (FSAIC) has received 6.0 million calls, an 11% decrease over last year. Service levels have increased with 99.2% of calls completed, a .3% increase over last year. The average speed to answer decreased by 33.3% over last year to 6.0 seconds.

Direct Loan Servicing Call Center Phone Activity through September 3, 2004: Year to date, the Direct Loan Servicing Centers received 4.4 million calls to the Interactive Voice Response System, a decrease of 4.1% from 2003. Of those calls received, Borrower Services representatives handled 3.1 million calls, a decrease of 5.9% from 2003. The average speed of answer was 5.8 seconds, a decrease of 13.0% from 2003. The resolve rate for the Voice

Response System was 29.4%, an increase of 5.2% from 2003. The Abandoned Call Rate was 0.26%, unchanged from 2003.

Student Aid on the Web: For the week ending August 21, *Student Aid on the Web* recorded 421,307 visits, 7,721,022 hits and 803,473 page views representing increases of 32.7%, 54.4%, and 38.9% respectively over the same period last year. MyFSA, the *Student Aid on the Web* feature that allows students and parents to establish their own personal password protected accounts for use as they move through the financial aid life cycle, has recorded 45,967 new accounts through the week ending August 21st.

Students.gov: In August, there were 262,791 visitors to students.gov representing 6.5 million hits, an average of over 8,400 hits each day. Almost 60% of the users came from the AOL domain and 3% came from international locations.

Information for Financial Aid Professionals (IFAP) Web site Usage: For the week ending September 4, www.ifap.ed.gov received 62,592 visits representing 1.8 million hits, an increase of 1% over last year.

Schools Portal Usage: For the week ending September 4, www.fsa4schools.ed.gov received 13,002 visits representing approximately 1.0 million hits, an increase of 36% over last year.

Customer Service Call Center Activity: For the week ending September 4, the Customer Service Call Center received 383 inquiries and posted three documents to IFAP.

KEY ISSUES

Voluntary Flexible Agreement (VFA): On August 26, the Educational Credit Management Corporation (ECMC) submitted a voluntary flexible agreement (VFA) proposal to the Department. VFA's replace the standard agency agreement for selected guarantors that develop innovative methods for delinquency and default prevention. This proposal links ECMC fees to the organization's default management practices and their overall ability to mitigate costs to the Federal Government. A final determination will be made in the coming months.

E-Gov/eLoans: The GovLoans team is preparing to transfer authority for and management of GovLoans to DOL/GovBenefits on September 30. Bill Leidinger signed the GovLoans Transition Memorandum of Agreement (MOA) on September 2. The documents were forwarded to Department of Labor/GovBenefits for signature.

E-Gov E-Authentication: FSA's E-Campus Based System will be the first system in FSA to participate in the E-Authentication Risk and Requirements Assessment. This assessment is scheduled for October 4.

ON THE HORIZON

Electronic Access Conferences (EAC): On November 1 - 4 and November 30 – December 3, FSA will host approximately 4,000 financial aid professionals from across the country at FSA's two EAC's in Orlando and Las Vegas.

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FSA in the Classroom: FSA representatives will be conducting the following training sessions in the coming weeks:

September 21	R2T4, Analyzing Data, and Conflicting Information (RAC) Virginia Tech University
September 21-22	CCCCO New Financial Aid Director's Training Sacramento, CA
September 22	R2T4, Analyzing Data, and Conflicting Information (RAC) Dallas Regional Training Facility
September 22	R2T4, Analyzing Data, and Conflicting Information (RAC) University of Montana
September 29	R2T4, Analyzing Data, and Conflicting Information (RAC) Chicago Regional Training Facility
September 29	R2T4, Analyzing Data, and Conflicting Information (RAC) Spokane Community College
September 30	R2T4, Analyzing Data, and Conflicting Information (RAC) Philadelphia Regional Training Facility

Presentations at Conferences: FSA representatives will be making presentations at the following state financial aid and higher education conferences in the coming weeks:

October 4-6	Idaho Association of Student Financial Aid Administrators (IASFAA)
October 7-8	National Scholarship Search Fair
October 20-22	Washington Financial Aid Administrators (WFAA)
October 27-28	National Association for College Admissions Counselors (NACAC)

CONTACT INFORMATION

Please contact Chris Greene at 377-4003 with any questions.